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RUEHJM/AMCONSUL JERUSALEM PRIORITY 9335
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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
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COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

On Sunday Ha'aretz quoted a senior U.S. official as saying that Washington is likely to pressure Israel and the PA to make significant diplomatic progress before President Bush visits the

region in May.

On Sunday Ha'aretz reported that Secretary of State Condoleezza Rice has asked Congress to approve a plan that would expand the training of PA police loyal to Abbas.

Ha'aretz quoted Maj. Gen. Ido Nehushtan, the commander-designate of the IAF as saying that the presence of Israeli forces on the ground in the Gaza Strip could prevent the manufacture of rockets and the smuggling of arms into the Strip. "Professionally speaking," he was quoted as saying, "if Israel wants to prevent any high-trajectory rocket or mortar fire, it must establish control over the ground." At the same time, Ha'aretz quoted defense officials as saying that Israel is again examining a possible purchase of an overseas anti-rocket weapons system to combat the Qassam rockets, because the Israeli-made Iron Dome system, currently under development at Rafael, the Armaments Development Authority, will not be operational before 2010.

On Sunday Maariv reported that ahead of the conclusion on Saturday of the forty days of mourning for high-ranking Hizbullah operative Imad Mughniyah, the defense establishment has been put on its level highest alert for fear of a revenge attack. Shin Bet officials have concentrated their forces and sent reinforcements abroad in order to protect Israeli targets. Ha'aretz reported that Syrian FM Walid Muallem told the Kuwaiti newspaper Al-Anba on Sunday that "Israel tops the list of those who stood to gain" from the assassination last month of Hizbullah terror chief Imad Mughniyah.

The media continued to highlight the local and global repercussions of the current financial crisis. The Jerusalem Post reported that affluent Gulf states are seizing the opportunity to increase their control of financial companies and other branches of the U.S. economy. The Jerusalem Post cited analysts' fear that the prospect of Arab financial prowess might manifest itself in a political agenda, with negative consequences for Israel.

Over the weekend media reported that Israel resumed air strikes against terrorist targets in Gaza on Saturday, killing three Islamic Jihad members whom the IDF said were planning to fire Qassam rockets into Israel.

Major media reported that last night dozens of right-wing activists stormed Arab homes in the east Jerusalem neighborhood of Jebel Mukaber in an attempt to raze the house of the family of Ala Abu Dhaim, who killed eight Mercaz Harav Yeshiva students 10 days ago. One policeman and four protesters were lightly wounded, while 22 activists were arrested on suspicion of stoning Arab residents' houses. Some Arab residents also threw stones.

The Jerusalem Post reported that in the face a possible escalation with Syria and Iran's efforts to obtain a nuclear weapon, parts of the country will shut down next month in what security officials say will be the largest emergency exercise in Israel's history.

German Chancellor Angela Merkel was quoted as saying on Sunday at a reception ceremony at Ben-Gurion Airport: "I am grateful we can open a new chapter in relations between our two countries." All media reported that Israeli-German relations are likely to step up. Major media noted that Berlin's "special relationship" with Jerusalem will be tested over Germany's economic ties with Iran.

Over the weekend Channel 10-TV alleged that Likud Chairman Binyamin Netanyahu spent thousands of shekels in public funds during a PR campaign for Israel he conducted in London during the Second Lebanon War. Netanyahu said in a forum of senior Likud activists in Ashkelon that the claims were part of a campaign to denigrate him ahead of the next Knesset elections.

Ha'aretz reported that author and Nobel Prize laureate Elie Wiesel told the Prime Minister's Office that he will not take part in the torch-lighting ceremony for Israel's 60th Independence Day due to prior commitments. Wiesel told Ha'aretz that this was not a cancellation because he had not yet committed to take part.

The Jerusalem Post reported that GOI officials told the newspaper on Sunday that Egypt is putting together a deal that will include a cease-fire in Gaza, a cap on the smuggling from Gaza, the

reinstatement of PA authority control over Gaza-Israel crossings.

However, the officials said that the deal does not include a prisoner swap for soldier Gilad Shalit.

On Sunday Makor Rishon-Hatzofe quoted a high-ranking defense official as saying that PM Olmert and FM Livni have "abandoned" Defense Minister Barak, following accusations by the Palestinians and the U.S. that the defense minister is destroying efforts to reach an understanding with the Palestinians.

Based on reports in several Arab media, Makor Rishon-Hatzofe reported that PA Chairman [President] Mahmoud Abbas is considering proclaiming the collapse of the Annapolis process.

Ha'aretz reported that the method of taking over Palestinian land is being publicized for the first time, based on testimony from a hearing on an appeal filed by a resident of the Kedumim settlement, Michael Lesence, against a Civil Administration order to vacate 35 dunams (almost 9 acres) near the Mitzpe Yishai neighborhood of the settlement. According to that document, West Bank settlements have expanded their jurisdictions by taking control of private Palestinian land and allocating it to settlers. The land takeover -- which the Civil Administration calls "theft" -- has occurred in an orderly manner, without any official authorization.

Leading media quoted FM Tzipi Livni as saying that terror victims will be able to sue the PA.

On Sunday Israel Hayom reported that Israeli-Arab youths have been paid by Israel's Islamic Movement to stone cars on Israel's northern roads.

Maariv reported that Defense Minister Ehud Barak is considering making former consul-general in New York Alon Pinkas his chief of staff.

On Sunday Ha'aretz reported that a new aviation agreement between Israel and the U.S. is expected soon, as the old one expires at the end of month. The new agreement is expected to significantly open the skies, including removing limits on the number of flights, and allowing stopovers on the way.

Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "[American] pressure to put an end to the bloodshed and guarantee the Israel's future as a Jewish and democratic country is welcome pressure."

The conservative, independent Jerusalem Post editorialized: "[Ariel Sharon's post 9/11] message seemed to have sunken in, since the U.S. position did in fact change dramatically. Now, if anything, the analogy to 1938 and the folly of appeasement is even more apt. Israel's voice today should be no less clear. And Merkel, the leader of Germany, should listen."

Senior Middle East affairs analyst Zvi Bar'el wrote in Ha'aretz: "It does not matter a whit whether we are talking about a signed treaty with Hamas, open or covert negotiations, or denials that conceal the existence of talks."

Veteran writer Hemmi Shalev wrote in the independent Israel Hayom: "The unilateral option will arise once more, the least bad of a variety of undesirable options, as if it had never disappeared."

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized: "[If it surrenders the Golan Heights,] Israel will not be able to avoid direct confrontation with Hizbullah, and neither a threat against the Syrians nor an agreement with them will neutralize Hizbullah."

Block Quotes:

I. "American Intervention Now"

The independent, left-leaning Ha'aretz editorialized (3/17): "A senior American official quoted in Ha'aretz on Sunday predicted that despite the upcoming presidential elections, and in advance of his visit to Israel in May, President George W. Bush will increase the pressure on both Israel and the Palestinian Authority to achieve significant diplomatic progress. The American intervention will be evident already at the end of the week, with the arrival of Vice President Dick Cheney for talks in the region. Immediately after him, U.S. Secretary of State Condoleezza Rice is expected to arrive here.... The American source said that Bush expects genuine steps from Israel to advance the implementation of his two-state vision. He emphasized that the U.S. would not force anything on Israel, but that it expects the Olmert government to decide where it is heading.

Between the lines one could detect an implied threat that in the absence of progress, the administration will hold Israel responsible for the failure.... The senior official saw fit to explain that when it comes to the peace process, Bush does not intend to behave like a lame duck. We can hope that he will follow in the footsteps of the three presidents who preceded him: Ronald Reagan, George H. W. Bush, and Bill Clinton, who did not end their involvement with the Israeli-Palestinian conflict even after the American people had elected their successors. Pressure to put an end to the bloodshed and guarantee the Israel's future as a Jewish and democratic country is welcome pressure."

II. "Germany Holds the Key"

The conservative, independent Jerusalem Post editorialized (3/17): "German Chancellor Angela Merkel, here for a three-day visit with much of her cabinet, will today meet with our Prime Minister. Tomorrow she will become the first German chancellor to address the Knesset. Merkel will be greeted as a friend of Israel, as she should be. But friendship, if it is to mean anything, is not just about showing empathy with a friend in need. It is about doing what you can and should do to help. Back in October 2001, just after 9/11, U.S. President George W. Bush was seeking Arab support for the U.S.-led military action in Afghanistan. Yet at that time, the U.S. was still not explicitly backing Israel's right to self-defense against the Palestinian suicide bombing campaign, and was even pressuring Israel to exhibit restraint. This prompted Israel's new prime minister, Ariel Sharon, to warn the U.S., 'Do not repeat the dreadful mistake of 1938, when enlightened European democracies decided to sacrifice Czechoslovakia for a "convenient temporary solution." Do not try to appease the Arabs at our expense. Israel will not be Czechoslovakia. Israel will fight terrorism.' The message seemed to have sunken in, since the U.S. position did in fact change dramatically. Now, if anything, the analogy to 1938 and the folly of appeasement is even more apt. Israel's voice today should be no less clear. And Merkel, the leader of Germany, should listen."

III. "Until We Reach the End of Days"

Senior Middle East affairs analyst Zvi Bar'el wrote in Ha'aretz (3/17): "Anyone seeking to conduct peace talks with the PA of President Mahmoud Abbas needs the acquiescence of Hamas. It does not matter a whit whether we are talking about a signed treaty with Hamas, open or covert negotiations, or denials that conceal the existence of talks. The necessary result must in any event be an end to the rockets on one hand, and an end to the assassinations in the Gaza Strip on the other hand, as well as an open Rafah border crossing that does not conceal a threat of an uncontrolled invasion by captive Gazans into Egyptian territory. Now Washington also realizes there is no way around bringing Hamas into the border agreement. Sources in Egypt have said that Assistant Secretary of State for Near Eastern Affairs David Welch is encouraging Egypt to push for a cease-fire with Hamas and that it is obvious from his remarks that Hamas is no longer a pariah; rather, it is an essential partner, without which the calm needed to go forward with the peace process cannot be achieved.... Israel could propose that the PA and Hamas cooperate in creating a unity government as a condition for an Israeli cease-fire and the opening of the Rafah border. Israel could continue its fruitless peace talks with Abbas, but more importantly, it would be dealing with a single Palestinian authority via which life in the territories could be conducted until the End of Days vision is realized. The other option is to conduct

two-headed talks: one with Hamas, over the important issues such as security, and the second with the PA -- over nothing."

IV. "The Unilateral Era: Over but Perhaps Not Done With"

Veteran writer Hemmi Shalev wrote in the independent Israel Hayom (3/17): "Unlike the 'new history' of the settlers and their right wing supporters, the decision on disengagement from Gaza did not really stem solely from Sharon's desire to escape Qom justice or to find favor with the 'leftist elites' (on the assumption that he indeed wanted to do so). The disengagement from Gaza was a possible, perhaps necessary, corollary of the 'era of unilateralism' in the history of the state, which started in 2000 with the withdrawal from Lebanon, reinforced by the 'proof' supplied at Camp David that there was no Palestinian partner for peace, and peaked during the second Intifada, which persuaded many, including right wingers, that there was no possibility of holding onto the territories and continuing to control millions of Palestinians.... Israel's unilateral moves received consistent and massive support in public opinion, for the disengagement from Gaza, for the withdrawal from Lebanon and for the Qjewel in the crown of the unilateral era -- the construction of the separation fence.... The basic facts that led to the adoption of the unilateral paradigm have not changed. Despite the revival attempts, today too Israel does not have a reliable partner for peace, and today too time continues to work against us.... Another danger has been added, one that only the Iranian bomb surpasses in severity, of a 'binational state'.... There is no question that Israel must find an answer to the rocket fire from Gaza and a response to Hizbullah's threats in the north, but these dangers are not enough to make unnecessary the future discussion on the continuation of 'realignment,' this time in the West Bank.... But we should take into account that it will not be long before Israel finds itself isolated in the international arena like South Africa before the removal of the apartheid regime, and on the internal front, stands before an untenable situation with regard to its relations with the Palestinians. At that point, the unilateral option will arise once more, the least bad of a variety of undesirable options, as if it had never disappeared."

IV. "Ceding Territory Is Not a Solution for Peace"

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized (3/16): "Experience teaches that there is no magical solution that will remove the clouds that cover Israel's security horizon. Going by the Egyptian experience, the surrender of the Golan Heights to Syria will turn the Syrian border into the 'peace front.' We may assume that the Syrians will indeed be able to promise Israel that they will not attack it anymore, certainly not with conventional weapons. But Israel has no reason to assume that Syria will bid farewell to its Iranian ally. Syria's transition to the American axis endangers its internal stability. And again, according to the Egyptian experience, there is no reason to assume that peace with Syria would neutralize Hizbullah.... There is also no reason to assume that the circle of arrangements with the Palestinians will be completed as a result of peace with Syria. The Iranian threat will continue to put constant pressure on Israel, and the price that Israel will pay for surrendering the Golan Heights will not be worth what it receives in exchange. On the contrary: the geographical approach of the Syrians to the point of connecting with the Arabs of the Galilee contains new dangers. It appears that the talk about negotiating with the Syrians even as threats are sent to it is connected to the fear of things catching fire with Hizbullah in the north. Here, too, those who make the assessments are mistaken: Israel will not be able to avoid direct confrontation with Hizbullah, and neither a threat against the Syrians nor an agreement with them will neutralize Hizbullah."

JONES